

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeem G. Kelly.

KGen Hinds LLC

Docket No. ER05-1358-000

KGen Hot Spring LLC

Docket No. ER05-1394-000
(Not Consolidated)

ORDER APPROVING UNCONTESTED SETTLEMENT

(Issued May 8, 2006)

1. On March 6, 2006, KGen Hinds LLC (Hinds), KGen Hot Spring LLC (Hot Spring), and Entergy Services, Inc. (Entergy)¹ submitted an offer of settlement (Settlement) to dispose of all the outstanding issues between them in the above-captioned unconsolidated proceedings as related to the respective pre-November 1, 2005 locked-in periods in these proceedings.
2. On August 17, 2005, in Docket No. ER05-1358-000, Hinds filed its proposed Rate Schedule FERC No. 1 supporting the specified revenue requirement for the provision of Reactive Support and Voltage Control from Generation Sources Service (Reactive Support Service) within the Entergy Mississippi, Inc. transmission system. On October 14, 2005, the Commission issued an order that accepted the filing, suspended it for a nominal period, to be effective August 18, 2005 through October 31, 2005 (locked-in period), subject to refund, and established settlement judge and hearing procedures.²
3. On August 25, 2005, Hot Spring filed with the Commission its proposed Rate Schedule FERC No. 1 supporting the specified revenue requirement for the provision of Reactive Support Service within the Entergy, Arkansas, Inc.

¹ Entergy Services Inc. is the agent for the Entergy Operating Companies which include: Entergy Arkansas, Inc.; Entergy Gulf States, Inc.; Entergy Louisiana, Inc.; Entergy Mississippi, Inc.; and Entergy New Orleans, Inc. (collectively, Entergy).

² *KGen Hinds LLC*, 113 FERC ¶ 61,041 (2005).

transmission system. By Order dated October 20, 2005, the Commission accepted the Hot Spring Rate Schedule for filing, suspended the proposed rate for a nominal period, to be effective August 26, 2005 through October 31, 2005 (locked-in period), subject to refund, and established hearing and settlement judge procedures.³

4. By Orders issued on April 10, 2006, in Docket No. ER05-1358-001 and ER05-1394-001, respectively, the Commission granted rehearing of the October 14 and October 20, 2005 Orders and established hearing proceedings on a limited contractual issue for the post-October 31, 2005 period of each proceeding.⁴

7. Initial comments in support of the Settlement were filed by the Commission's Trial Staff on March 27, 2006. No other comments were filed. On April 6, 2006, the Settlement Judge certified the Settlement to the Commission as uncontested.

8. The subject settlement is fair and reasonable and in the public interest and is hereby approved. The Commission retains the right to investigate the rates, terms, and conditions under the "just and reasonable and not unduly discriminatory or preferential" standard of the section 206 of the federal power Act, 16 U.S.C. § 824(e) (2004). The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

9. The subject settlement resolves all of the issues set for hearing in Docket Nos. ER05-1358-000 and ER05-1394-000 for the respective pre-November 1, 2005 locked-in periods of the proceedings.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

³ *KGen Hot Spring LLC*, 113 FERC ¶ 61,071 (2005).

⁴ *KGen Hinds LLC*, 115 FERC ¶ 61,028 (2006) and *KGen Hot Spring LLC*, 115 FERC ¶ 61,029 (2006).

